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SUBJECT: UZBEKS TO CREATE TREASURY DEPARTMENT

¶1. In 2005, the Uzbeks began developing a Treasury Department system under a presidential resolution to improve the management of the State budget. The government created subsidiary treasuries in all provinces and in 2007, according to a recent press report, plans to create a central Treasury.

According to the resolution, the Treasury will fall under the Ministry of Finance and will, among other things, execute budget transfers to the provinces, submit state budgetary reports, and diminish the misappropriation of public funds.

¶2. Comment: The Treasury could potentially increase state budget transparency and act as a watchdog for public funds usage. This should be good news for government-funded sectors acting in accordance with the law. Mismanagement of public funds has been a serious problem, especially before the sub-treasuries were created. Then, the funds were transferred through the Central Bank to the provincial offices. Official recipients would often misuse the funds, and the public sector and its employees went unfunded and unpaid. In theory, once the system is implemented fully, we should see better control over the state budget and more efficient use of public funds. We will believe it when we see it.

PURNELL